

# SOLID WASTE FINANCIAL FORECAST AND RATE STUDY UPDATE

PRESENTATION TO THE RATE REVIEW SUBCOMMITTEE OF THE TECHNICAL MANAGEMENT COMMITTEE  
JANUARY 22, 2025



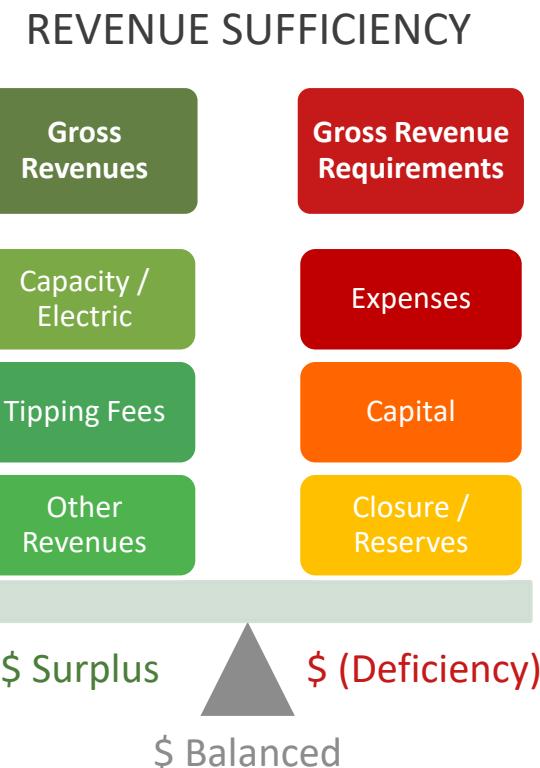
Presentation by:  
 RAFTELIS

# AGENDA

- 1. Scope and Methodology
- 2. Key Changes Since Last Study
- 3. Key Assumptions
- 4. Findings and Recommendations

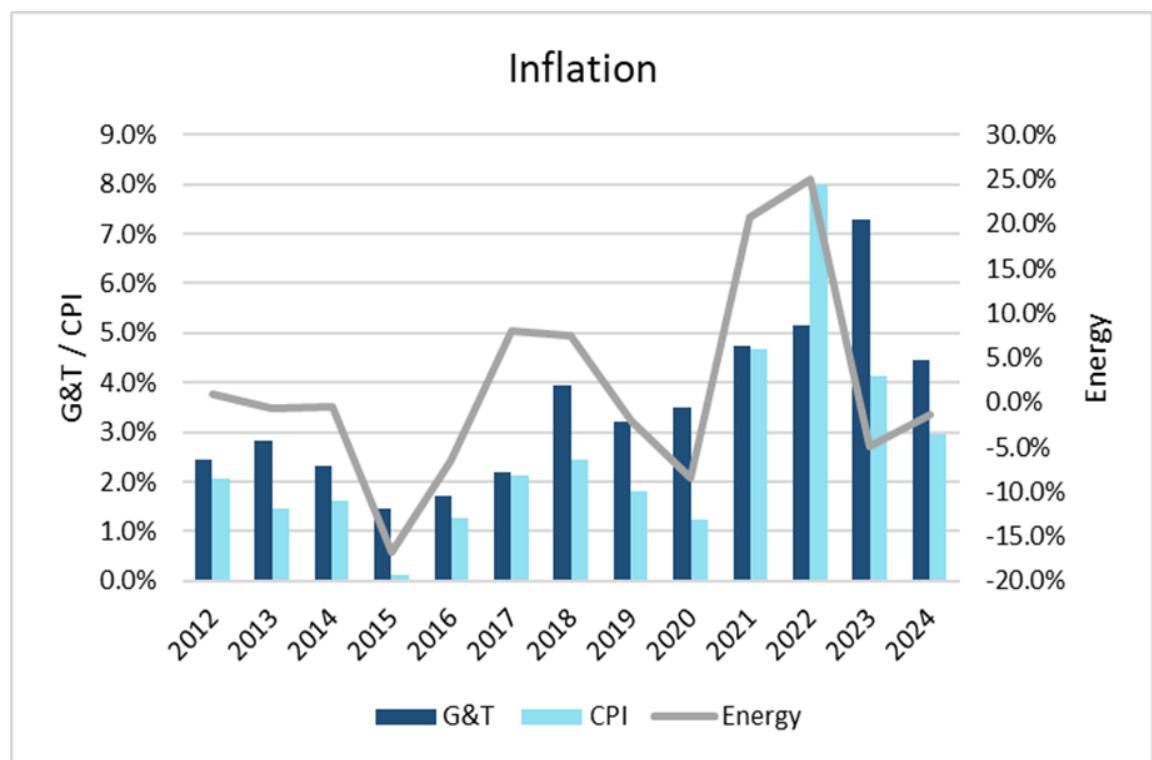
# 1. SCOPE AND METHODOLOGY

- Scope
  - Raftelis tasked to update 30-Year financial forecast model
  - Present findings to Staff and Technical Management Committee (TMC) members
- Methodology
  - Data driven process
  - Examined contractual arrangements
  - Establish financial targets / parameters
  - Trends → assumptions → forecasts
  - Revenue sufficiency and rate adjustments
  - Rate phasing



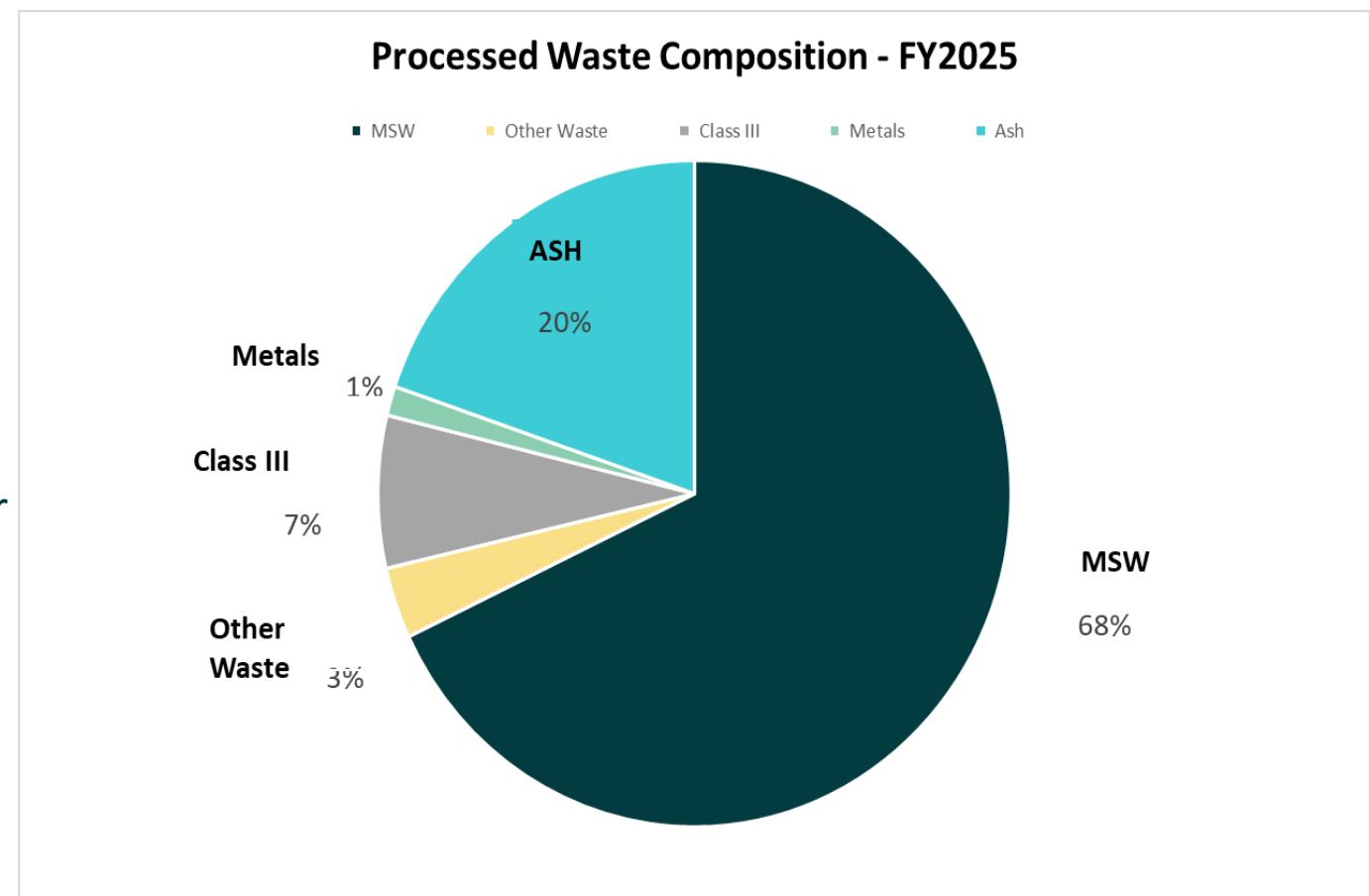
## 2. KEY CHANGES SINCE PRIOR STUDY

- Inflation Continues to Pressure Contract Costs
- Covanta Contract Extended with RFQ / RFP
  - Historically accounted for About 30% of Total Costs or \$21m/Annually
  - Extension resulted in \$12/ton increase applied to all tonnage or \$35m/yr (+67%)
  - County staff expects better contract terms through bid process
  - Forecast assuming ~\$7/ton increase or \$31m/yr (+47%)
- Capital Plan Costs Increase from ~\$420m to ~\$500m through FY36



### 3. KEY ASSUMPTIONS - TONNAGE COMPOSITION AND GROWTH

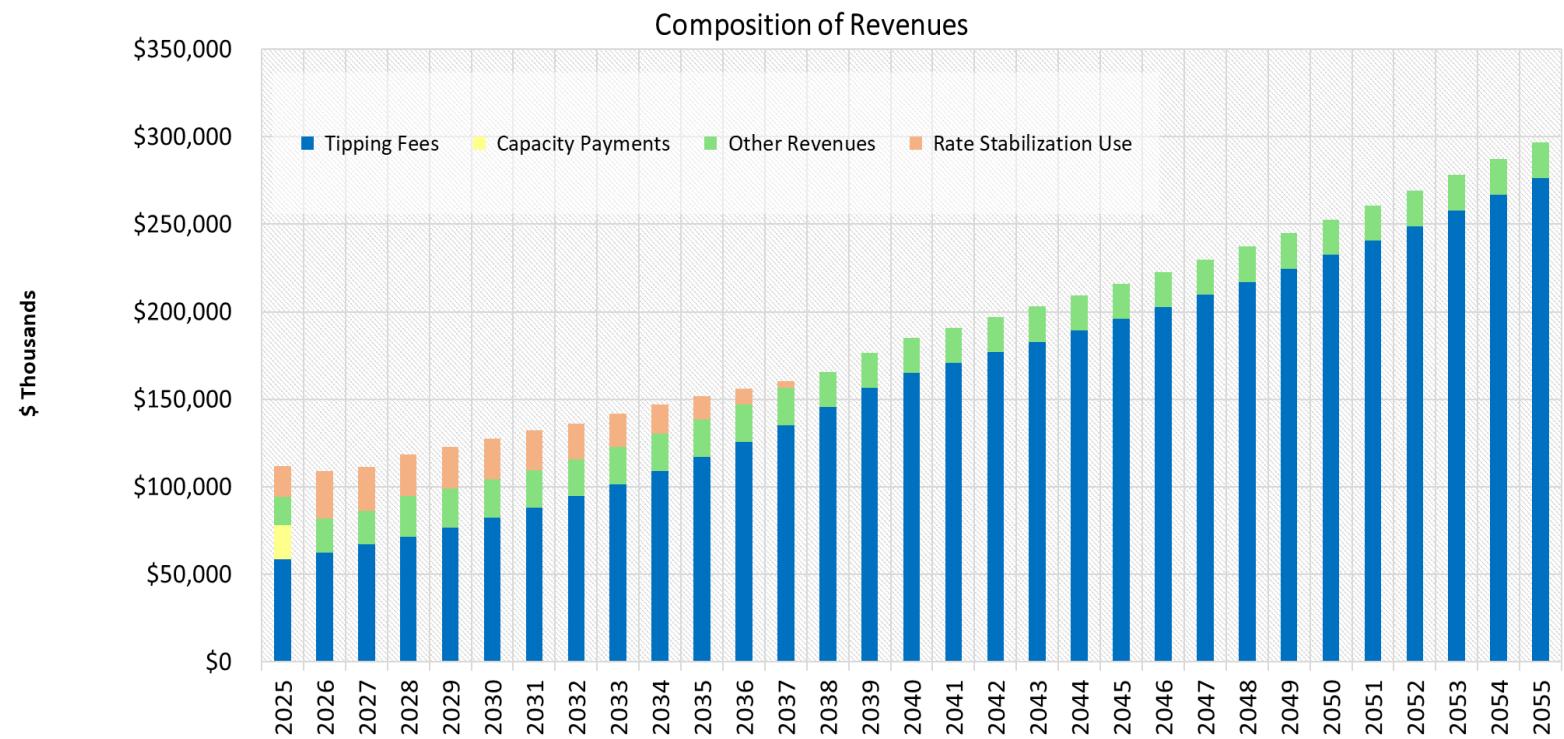
- County processes approximately 1.5 million tons a year
  - Inbound waste = 1.1 million tons per year
    - Municipal solid waste (MSW), class III (yard waste, construction debris), tires, etc.
  - Processed by-products = 0.3 million tons per year
    - Ash, recovered metals, etc.



## KEY ASSUMPTIONS - REVENUES

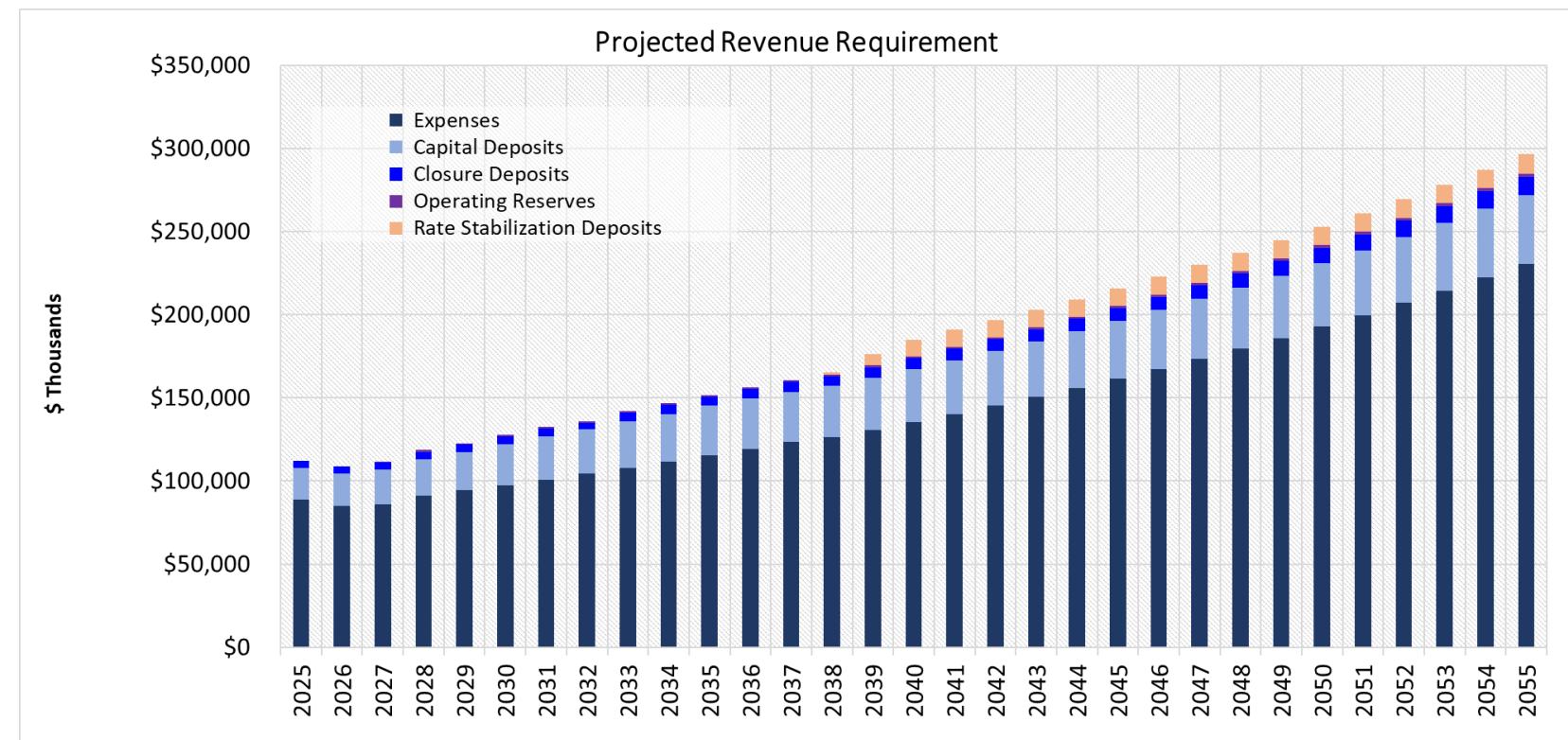
- **Tipping fees**
  - Increases Consistent with Prior Years Forecasts
- **Capacity payments**
- **Electricity sales**
- **Metal recovery**
- **Interest income**

Other Revenues



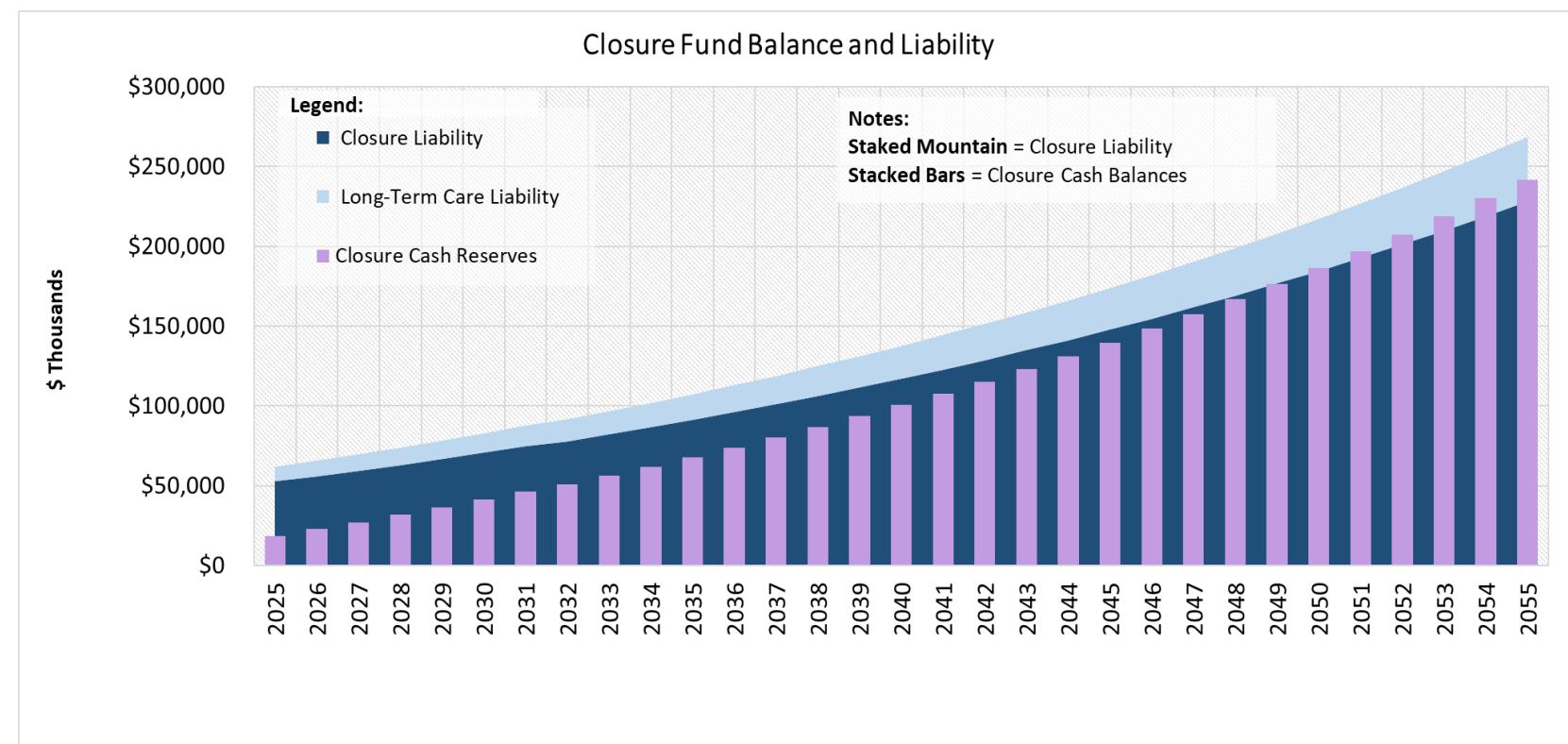
## KEY ASSUMPTIONS – PROJECTED REVENUE REQUIREMENTS

- Assumes Rebid Reworld Contract
- Average Annual Expense Growth at ~3.5%



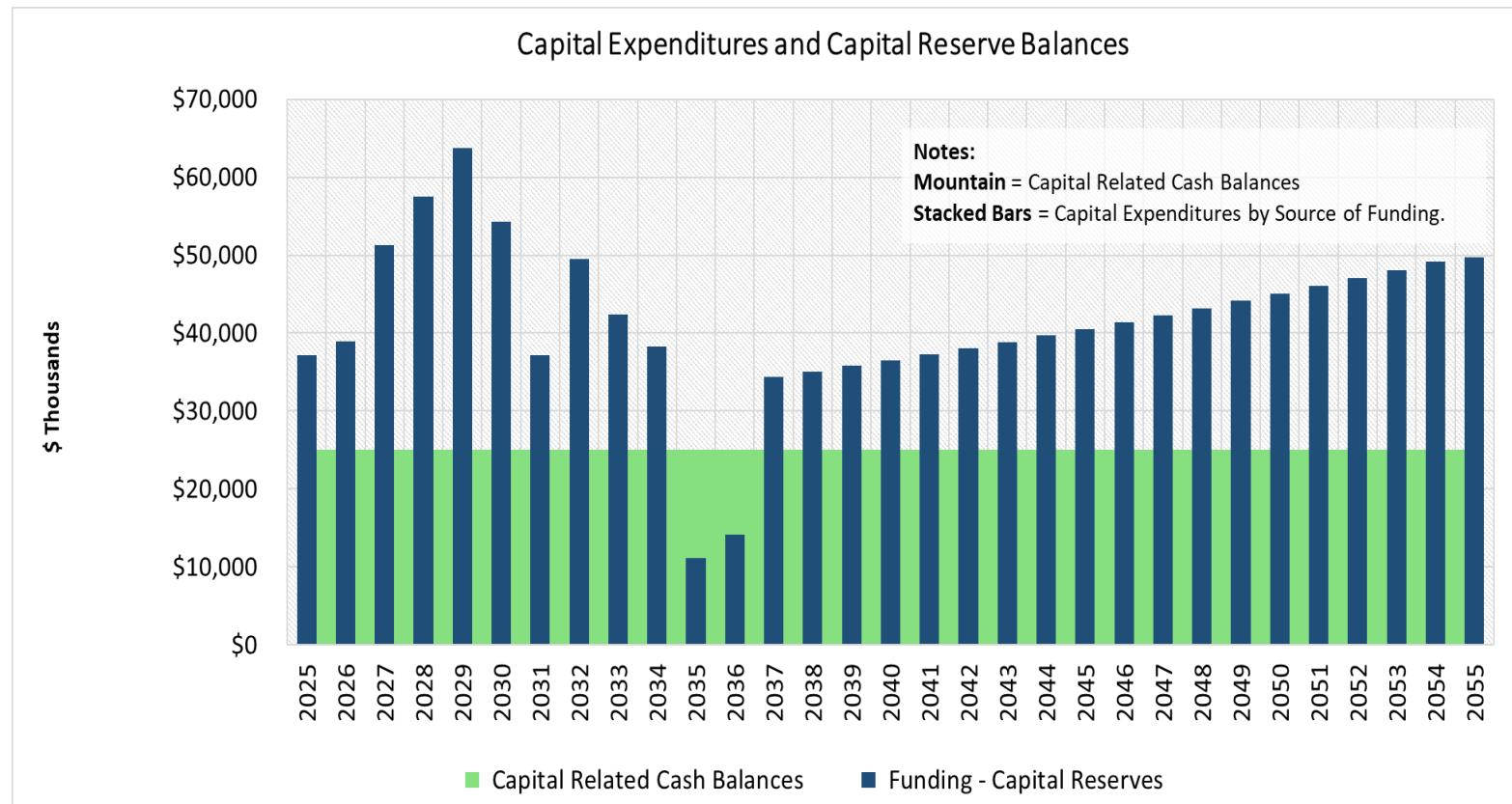
## KEY ASSUMPTIONS - CLOSURE AND POST-CLOSURE

- Plan to Fund Liability Over Time
  - Financial Test for financial assurance compliance
- Does not yet reflect increase elevation
- Target: Fund closure liability only
- Slope closures included in Capital Improvement Plan (CIP)



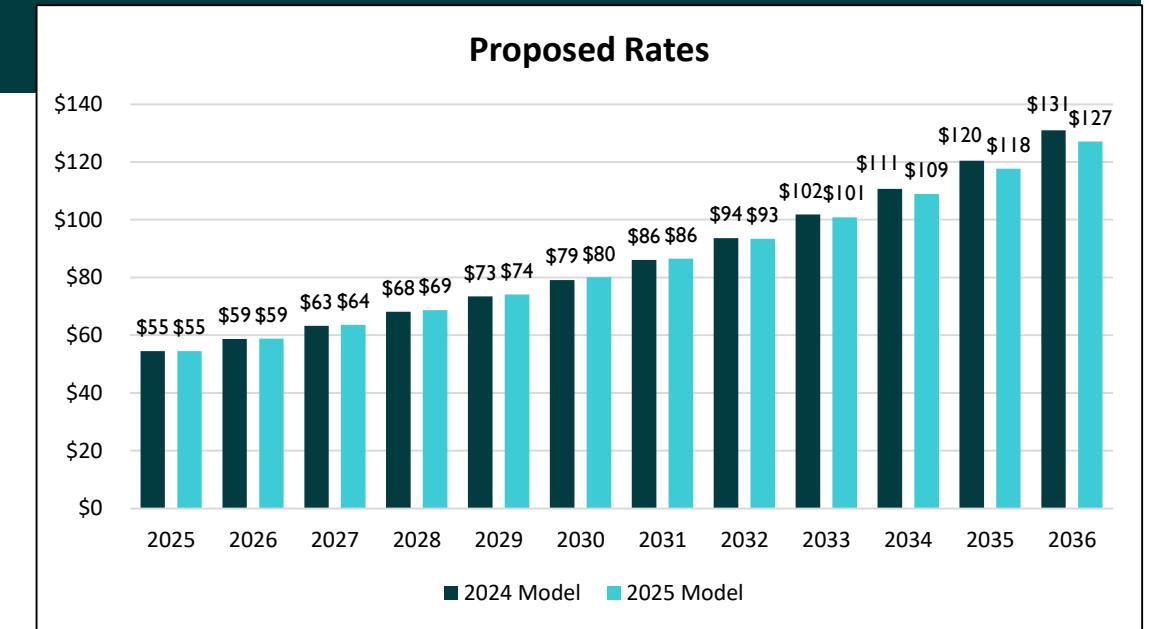
## KEY ASSUMPTIONS - CAPITAL

- Proposed CIP FY25-36 = \$498.8M
- Top six projects \$416.1m or 83% of Total:
  - WTE R&R / several projects = \$269m
  - Bulky Waste Processing = \$63m
  - Landfill Improvements = \$35.6m
  - Solar and Net Metering = \$28.5m
  - Enhanced Metals Recovery = \$20m
  - Landfill Side Slope Closure = \$8m
- Assumed depreciation as proxy for capital needs after 2037
  - \$29.4 million annually escalated for inflation



# FINDINGS

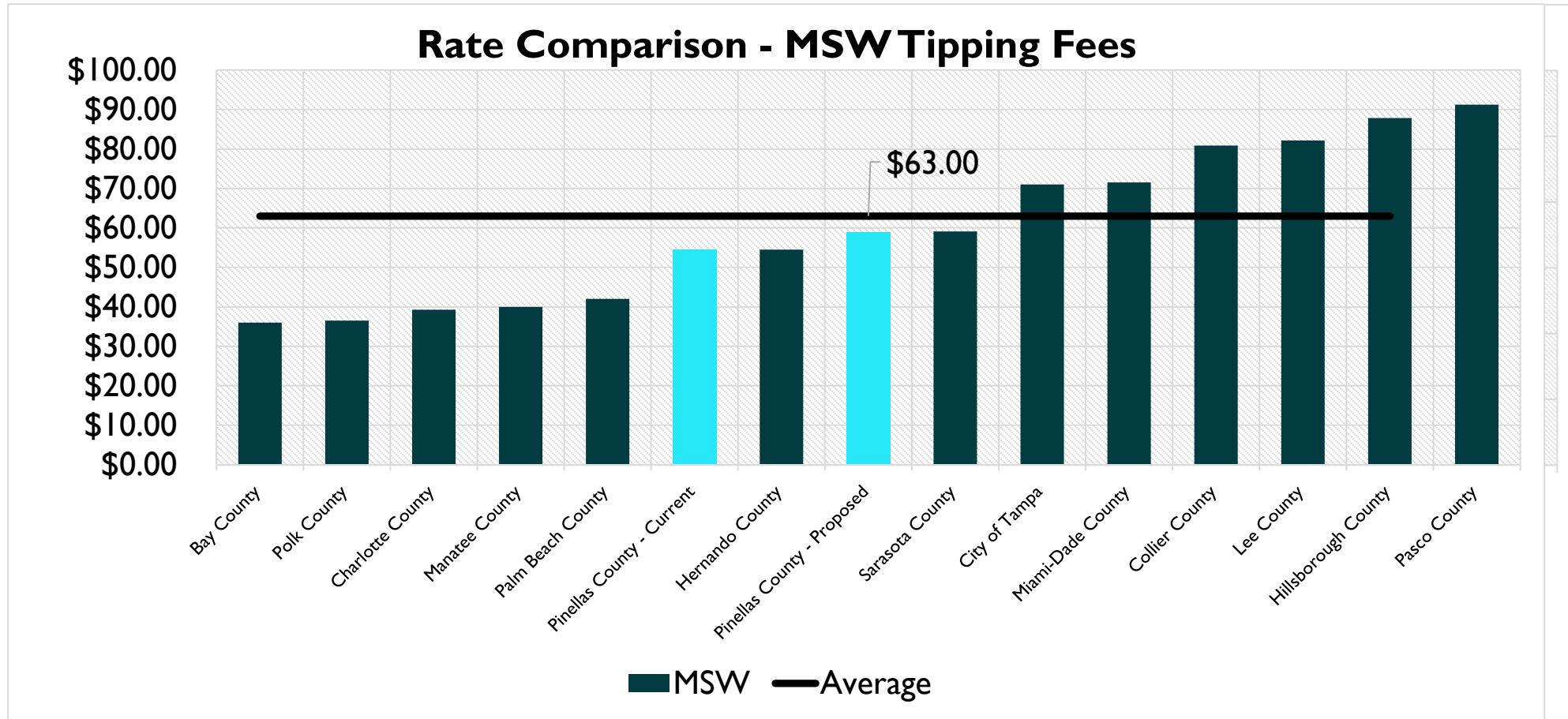
- Findings and Recommendations:
  - Key changes since Last Study Lower Expenses / Longer and Higher \$ Outlook on CIP
  - Adopt 3 Year Rate Plan at 8% per year
    - Slight Increase to Prior Year's Forecast next 3 years / Lower Overall next 10 years



## Tip Fee Recommendations

|               | <u>Adopted</u> | <u>Identified</u> |             |             |
|---------------|----------------|-------------------|-------------|-------------|
|               | <u>2025</u>    | <u>2026</u>       | <u>2027</u> | <u>2028</u> |
| Rate Adj. (%) |                | 8.00%             | 8.00%       | 8.00%       |
| Tip Fee (\$)  | \$54.50        | \$58.86           | \$63.57     | \$68.65     |
| Change (\$)   |                | \$4.36            | \$4.71      | \$5.08      |

# MSW TIPPING FEE COMPARISON



THANK YOU!  
DISCUSSIONS AND QUESTIONS

